



Family Name	
Given Names	
Student Number	
Teaching Period	Semester 2, 2016

FINAL EXAMINATION	DURATION				
ACT204 – Financial Accounting	<table border="1"> <tr> <td>Reading Time:</td> <td>10 minutes</td> </tr> <tr> <td>Writing Time:</td> <td>180 minutes</td> </tr> </table>	Reading Time:	10 minutes	Writing Time:	180 minutes
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INSTRUCTIONS TO CANDIDATES

1.1 The examination has 2 sections

Section A:
Suggested Time: 2 hours Multiple Choice Questions: Answer ALL questions
Total Marks 67

Section B:
Suggested Time: 1 hour Answer the question
Total Marks 33

Section A must be answered on the Answer sheet provided and must be handed in with your answer booklet. Please ensure that your name and student number are clearly indicated on your Answer Sheet and at the top of this examination paper.

Section B is to be answered in separate booklet.

Please ensure that your Name and Student Number are written clearly in the space provided at the top of this page.

1.2 Note that questions ARE NOT of equal value.

1.3 Read ALL questions carefully.

EXAM CONDITIONS

You may begin writing from the commencement of the examination session. The reading time indicated above is provided as a guide only.
This is a RESTRICTED OPEN BOOK examination
Any non-programmable calculator is permitted
No handwritten notes are permitted
Hard copy, unannotated English translation dictionary only

ADDITIONAL AUTHORISED MATERIALS	EXAMINATION MATERIALS TO BE SUPPLIED
Relevant Legislation (Unannotated)	1 x 16 Page Book 1 x 4-Multiple Choice Answer Sheet

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DOUBLE-SIDED.**

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A

Multiple Choice Questions

Total No of Marks for this section: 67

This section should be answered on the Answer Sheet provided. Please ensure that your name and student number have been written on the Answer sheet and place in the completed answer Booklet.

Marks for each question are indicated. Suggested Time allocation for Section A: 2 hours

The following extracts from discount tables may be useful in this section. Be aware that when using discount tables there may be rounding differences of \$1 or \$2 which you should not worry about.

Section B

Short Answer Questions

Total No of Marks for this section: 33

This section should be answered in the Answer Booklet provided.

Marks for each question are indicated. Suggested Time allocation for Section B: 1 hour

Question 32

The Darwin Waterfront General Retail Supply Ltd

Five-year financial summary (partial; adapted)

	2015	2014	2013	2012	2011	2010
	(\$'000s)	(\$'000s)	(\$'000s)	(\$'000s)	(\$'000s)	(\$'000s)
Net sales	244,524	217,799	191,329	165,013	137,634	
Net sales increase	12%	14%	16%	20%	17%	
Domestic comparative store sales increase	5%	6%	5%	8%	9%	
Other income – net	2,001	1,873	1,787	1,615	1,391	
Cost of sales	191,838	171,562	150,255	129,664	108,725	
Operating, selling and general and administrative expenses	41,236	36,356	31,679	27,408	22,516	
Interest:						
Interest expense	1,063	1,357	1,383	1,045	803	
Interest income	(138)	(171)	(188)	(204)	(189)	
Income tax expense	4,487	3,897	3,692	3,338	2,740	
Profit	8,039	6,671	6,295	5,377	4,430	
Per ordinary share: (not in (\$000s))						
Profit	1.81	1.49	1.41	1.21	0.99	
Dividends	0.30	0.28	0.24	0.20	0.16	
Financial position	2015	2014	2013	2012	2011	2010

	(\$'000s)	(\$'000s)	(\$'000s)	(\$'000s)	(\$'000s)	(\$'000s)
Current assets, excluding inventory	30,483	27,878	26,555	24,356	21,132	
Inventories at cost	24,891	22,614	21,442	19,793	17,076	16,497
Property, plant and equipment, net	51,904	45,750	40,934	35,969	25,973	
Total assets	94,685	83,527	78,130	70,349	49,996	
Current liabilities	32,617	27,282	28,949	25,803	16,762	
Long-term debt	22,731	21,143	17,838	18,712	12,122	
Shareholders' equity	39,337	35,102	31,343	25,834	21,112	
Financial ratios						
Acid-test ratio	0.9:1	1.0:1	0.9:1	0.9:1	1.3:1	
Rate of return on total assets	10.2%	9.9%	10.3%	10.7%	9.6%	
Rate of return on shareholders' equity	21.6%	20.1%	22.0%	22.9%	22.4%	

Analyse the company's financial summary for the financial years 2011 to 2015 to enable you to advise a client whether they should invest in the ordinary shares of The Darwin Waterfront General Retail Supply Ltd.

Required

Prepare a business report to your client containing your analysis with a full explanation of your final decision. The analysis should include the following sections:

- Trend analysis for net sales and profit using 2011 as the base year
- Profitability analysis, including earnings per share and rate of return on net sales
- Evaluate the ability to sell inventory, including inventory turnover and average days held in inventory
- Evaluate the ability to pay debts, including acid test, debt ratio, time interest earned
- Evaluate the dividends.

(Marks: 33)